

President's Management Agenda *"Competitive Sourcing"*

**CCAB Briefing
February 2003**

Purpose

- To convey issues and recommendations associated with implementing the President's Management Agenda Initiative on Competitive Sourcing
 - Define Requirements
 - Identify Challenges
 - Propose Implementing Strategy
- TROIKA approval of strategy/concept for forwarding to ACMC

President's Management Agenda

- Target opportunities to improve performance
 - The need is urgent
- Deliver on promises
 - “What matters most is performance and results”
- Three Guiding Principles
 - Citizen-centered
 - Results-oriented
 - Market-based
- Five Gov't-wide Areas of Improvement
 - Strategic Management of Human Capital
 - Competitive Sourcing
 - Improved Financial Performance
 - Expanded Electronic Government
 - Budget and Performance Integration

President's Management Agenda

“Competitive Sourcing”

- Half of federal employees perform CAs
- Competition demonstrates savings of 20-50%
- Government agencies
 - continue to insulate themselves from competitive forces
 - do not maintain adequate records of work performed in house
- The “Initiatives”
 - Compete 15% of FAIR Act inventory by FY03
 - Adopt procedures to “improve” and “expand” competition.
 - Compete 50% of FAIR Act inventory by FY 08

USMC Requirement

- MID 907 implements the Competitive Sourcing Initiative
- DoN target
 - 50% FAIR inventory + 2k in FY04
 - Equates to 50k, less prior competitions (29.3k) = 20.7k
 - Additional 24k target to be allocated to USAF & DoN in PR05
- USMC target*
 - USMC FAIR Inventory = 13.2k
 - 50% FAIR = 6.6k
 - Less prior competitions (4.1k)
 - Plus % of additional 2k (~0.2k) = 2.7K additional

*Projected, pending DoN allocation

USMC Strategic Focus

- Strategic driver, not “body counts”
 - Establish core/non-core competency concepts
 - Better articulate installations as 5th element of the MAGTF
- Meet Presidential Management Agenda Goal
- Increase effectiveness in service acquisition
 - Improve ability to define requirements, performance, and costs
 - Improve managing relations with external service providers
 - Significantly improve ability to manage A-76 process
Because agencies do not maintain adequate records on work performed in-house, they have often taken three to four years to define the jobs being considered for competition" - PMA

Strategic Focus cont'd.

- Focus on non-core "Available in Market" functions
 - USMC role is service *buyer* from best provider
- Define terminology and Marine requirements
 - Define Core, Critical Enabling, Non-Core processes in SE
 - Clarify numeric requirement for Marines assigned to SE
 - Sea-Shore Rotation - Career Progression - Combat Augmentation
- Develop competition/divestiture plan
 - Identify non-core opportunities
 - ABCM process-based information
 - Minimize impact on "Marine Footprint"
 - Acquisition Strategy - HR Plan
 - Fiscal Requirements
- Develop permanent capability?
 - MEO to re-compete every 3-5 years

Implementation Tasks

- Plan to use all O&M savings to realign Marines
 - Still not enough?
- Improve service acquisition/A-76 implementation skills
 - PWS/requirements development
 - Human resources
 - Contract relationships
 - Improved information
 - Internal/External communication
 - Strike Team assistance
- De-conflict Commander's responsibilities
 - Advocate for both employees and process
 - Remove "substantial" dual responsibilities for PWS and MEO
 - Improve policy, procedures, and ethics training

Milestones

- Develop core competency/strat sourcing plan
 - ACMC charter signed (Feb)
 - LR develops strawman (Feb/Mar)
 - FAIR Act submission to DoN (Mar)
 - Conference “murderboards” strawman (Apr)
- Troika review (Apr/May)
- MROC approval (May)
- Complete implementation plan (Jul)
- Organize strike team (Sep)
- Announce initial FY04 studies
 - One at a time, as much as possible
 - Beginning in Jan-Mar of FY 04

Strengths

- Significant portion of FTEs target already done
- OMB scores other competitive alternatives
 - e.g. food service, privatization
- ABCM competency well underway
- Lessons already learned
 - Some we learned the hard way
 - More available from other organizations

Weaknesses

- Marine realignment costs may exceed savings
- Proposed A-76 changes
 - Reduced A-76 time line tests skill level
 - Continuous competition of non-core competencies is new culture
- BRAC impact increases uncertainty
- Incomplete performance data
 - Improving with additional ABCM model standards
- Lack of skills
 - Service acquisition
 - A-76 process
- Lack of resources
 - Mainly in-house personnel with service acquisition, A-76 and ABC skills

Summary

- **Adopt a strategic focus based on core competency policy**
- **Recognize that competition is here to stay**
- **Develop and maintain sufficient personnel with critical skills**
- **Establish policy to address Marines assigned to non-core, commercial activities**

Background

Conference Agenda

- Kickoff
 - Opening remarks and panel questions by:
 - Ms. Liberatore, Mr. Rhodes, Mr. Cook, Ms. Durand, Mr. Hogue
 - Brief by Mr. Sikes, OSD (AT&L), on A-76 environment and changes
 - Brief by Ms. Davis, DASN (IA), on Navy issues concerning A-76 and BRAC
 - Briefings by other Services
- ACMC Keynote

Conference Agenda

Working group questions

- What are the roles and responsibilities of various organization and individuals?
 - (Installation Commander, BPO, CBE, Manpower, CL, LB, Intermediate Commands, IAB, RRB's, SES troika, MROC, functional sponsors)
- Is the draft core/critical enabler/non-core list acceptable?
- What will be competed, where, and when?
- What are the alternative approaches?
 - (Delegate to IAB? Delegate to intermediate commands? Pick specific functional areas?)
- How do we best organize to avoid PWS conflict of interest?
- How do we significantly reduce process time line?
- What is the purpose and organization of an A-76 strike team?
- How can we best use consultant support?
- How do we handle NAF work
 - (If no appropriated labor, then treat as outsourced.)

Installation Guiding Principles

1. USMC installations are primarily mission support driven and secondarily cost driven.
2. Installation commanders use business intelligence to ensure customer support requirements are metrics based and are consistently met at the prescribed quality and at the lowest cost.
3. Headquarters Marine Corps staff establishes policy, performance standards and resource levels. Marine Forces (MARFOR) Commanders, and other intermediate level commanders, and their staffs, are focused on maintaining combat readiness, fighting the war and help set installation performance standards. Regional and local installation commanders articulate requirements for installation services and ensure those services are provided effectively and efficiently.
4. Marines are assigned to installations only when mission defines a Marine requirement.
5. Core competencies are: tied inextricably to operating force readiness and family support; normally performed by Marines and some civilian-Marines (but few, if any, contractors); and are organized and normally provided at each installation.
6. Critical enablers: enable base operations (e.g., contracting, counsel, business operations, budget and finance); are normally performed by civilian-Marines (but only a few Marines and occasional contractors); and, are organized and normally provided on a regional or enterprise basis where appropriate.
7. Non-core competencies are: services needed by the installation tenants that are mostly commercial in nature; are always performed by the most effective and efficient provider; and, are organized and normally provided on a regional or enterprise basis where appropriate.
8. In order to maintain maximum institutional focus on core competencies and critical enablers, installation commanders identify the best regional source for performance of non-core activities. To do this, commanders use a variety of tools including A-76 competitions, divestiture, consolidation, restructuring, re-engineering of activities, privatization, development of joint ventures with the private sector, asset sales, or functionality assessments. Activities/services we do not require, or that have become obsolete, are divested.
9. In leading USMC installations, we maintain fidelity to the principle that people (civilian and Marine) are our most important asset. Systematic and serious investment in the development,

Core Competencies

- Characteristics:
 - Services inextricably linked to operating force readiness
- Service Provider:
 - Mostly in-house, many Marines

List of Core Processes

- Command Support
- Aviation Operation Support
- Range Management
- Military Training
- Family Readiness
- Religious Support
- Security

Critical Enablers

- Characteristics:
 - Back office business processes required to ensure effective installation support
- Service Provider:
 - Mostly civilian-Marines
 - A few contractors
 - Very few Marines
 - Investment in business skill training focused on civilian-Marines

List of Critical Enabling Processes

- Manage Real Property Services and Land Management
- Manage Environmental Services
- Modify Behavior/Develop Mental Well-Being
- Develop Physical Wellness
- Military Personnel Support
- Manage Safety Programs
- Manage Financial Resources
- Manage Business Practices
- Legal Counsel
- Contracting*
- Provide base services functional requirements and QA*

Non-core Competencies

- Characteristics:
 - Commercial services needed by operating forces, Marines or family members
- Service Provider:
 - Civilian-Marines or contract
 - Divest where possible
 - Compete where not divest
 - Except where all NAF or GOJ involved*
 - Few, if any Marines

*Services provided entirely by NAF or with many foreign nationals will be reengineered using benchmarks, best practice, and functional assessments.

LIST OF Non-core Processes

- **Sustain, Restore & Modernize Facilities**
- **Provide Utilities**
- **Provide Housing**
- **Community Relations**
- **Personnel Support**
- **Voice & Data Services**
- **Audit/Visual**
- **Ground Electronic Maintenance**
- **Transportation**
- **Procurement and Supply Operations**
- **Food, Lodging, and Hospitality Services**
- **Recreational Opportunities**
- **Provide Goods and Services**
- **Non-Professional Education**
- **Legal Services**
- **Fire Protection and Emergency Services**
- **Civilian Training**
- **Simulation Support**